



**Directorate of
Intelligence**

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China's Defenses Against the USSR: Shifting Priorities and Implications for US Arms Sales

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An Intelligence Assessment

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*EA 84-10028
March 1984*

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This paper was prepared by



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Office of East Asian Analysis.



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**China's Defenses Against
the USSR: Shifting Priorities
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Key Judgments

*Information available
as of 14 February 1984
was used in this report.*

Concern about defending against a Soviet conventional attack has caused Beijing to redirect its defense efforts toward quality rather than quantity:

- The basic defense-in-depth strategy has not changed.
- China's military doctrine has been modified toward a more aggressive defense with higher quality weapons and forces more capable of standing up to the superior speed, mobility, and firepower of Soviet forces.

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The new doctrine and formations are still evolving, but the shift has already made the inadequacies of Chinese weapons against Soviet armored and tactical air forces along the border more apparent and has led the People's Liberation Army (PLA) to seek better weapons from the United States. China recognizes its critical needs in antiarmor and air defense systems and has set high priority on acquiring such weapons to help narrow the steadily widening lead in Soviet capabilities:

- We believe expanding Soviet military power in Asia, the inability of the Chinese defense industry to fill China's immediate needs, and the availability of high-quality weapons from the West are eroding Beijing's legendary reluctance to establish an arms supply relationship with the United States.
- Despite China's proclamations that it wants to remain self-sufficient in defense production and follow an independent foreign policy, and notwithstanding Beijing's poor record in buying foreign military technology, we believe Beijing will seek to buy the technology for one or more weapon systems from the United States, beginning with a version of the TOW antitank guided missile.
- In our view, any arms supply relationship with the United States will be limited and develop slowly. It will serve, however, as a symbol of Sino-US cooperation against the Soviet Union as well as a signal to Moscow to heed Beijing's concerns about Soviet military expansion.

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Contents

	<i>Page</i>
Key Judgments	iii
Meeting the Soviet Threat	1
Defensive Strategy Unchanged	1
The Quest for Quality	2
Major Changes	3
New Doctrine	3
Mechanization	4
Combined-Arms Operations	4
Training	4
The Great Disparities	4
Net Effect	4
China's Critical Needs	5
Fighting Soviet Armor	6
Modern Antitank Guided Missiles	6
Modern Tank Ammunition	6
Unguided Antitank Rockets	6
Fighting Soviet Aircraft	6
Tactical SAMs	7
Fighter Aircraft Systems	7
Lesser Needs	7
Implications for US Arms Sales	8
The Positive Incentives	8
The Negatives	8
The Prospects	9

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Meeting the Soviet Threat

The Soviet Union continues to threaten China by modernizing its forces in the Far East, adding new ground force units, deploying additional SS-20 missiles, and expanding air and naval activity in the South China Sea. The Chinese are deeply suspicious of Soviet intentions and genuinely concerned about the expansion of Soviet power. Specifically, the Chinese view themselves as the focus of Soviet strategy in Asia, which they describe as "offensive," aimed at controlling northeast Asia, driving out the United States, and encircling China both politically and militarily.

The ability of China's military forces to balance those in the Soviet Far East and impede Soviet expansion rests on Beijing's credibility as a serious military opponent—the Soviets must be convinced that an attack on China would entail unacceptable risks. Toward that end, the Chinese rely on a policy of deterrence that promises a costly, protracted conflict with conventional weapons on Chinese territory and, if Moscow uses nuclear weapons, a limited but destructive retaliation with nuclear weapons against a few Soviet urban and industrial centers. The Chinese appear convinced that their military strategy and forces are among several factors that make an attack unlikely any time soon.

Maintaining a defensive credibility is difficult, however, because Soviet forces opposite China are better equipped than Chinese forces and are being modernized at a much faster pace.² Thus, the Chinese are trying several approaches for countering the Soviet threat. They are:

- Building up their fortifications in the north.
- Seeking warmer relations with the United States.
- Revitalizing their military forces with higher quality weapons and improved training.

The new prominence Beijing is giving to qualitative development of the People's Liberation Army (PLA) is a logical step, but it raises complex resource issues. As long as quantity was the main criteria for measuring Chinese war-fighting capabilities, Beijing could meet its needs by drawing on its huge pool of draft age males and a defense industry that could readily produce vast numbers of relatively simple weapons. China's manpower resources can provide competent and technically qualified troops, but the requirement for more higher quality arms and equipment involves technological resources the Chinese currently do not have. This has led Beijing to look to the West—especially the United States—for military technology.

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The search for an improved war-fighting capability against the Soviet Union presents the Chinese with difficult problems. Beijing is compelled to respond to the growing threat but is limited by both its "independent" foreign policy and the high priority it has set for building up the civilian economy. The dilemma for the Chinese is how to retain a credible deterrence without:

- Increasing tensions with the Soviets.
- Sacrificing general prosperity to military modernization.
- Losing the appearance of independence and self-sufficiency by seeking weapon technology from the United States.

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Defensive Strategy Unchanged

The deployment of Chinese ground and air forces and information from Chinese publications and from PLA officers indicate that defense-in-depth is still the accepted strategy for defending China's northern regions. That strategy presents the Soviets with increasing levels of resistance as their forces proceed deeper into China and as China accepts an initial loss of territory—as much as 200 to 300 kilometers from the border in some areas. In operation, and assuming

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Ground Force Divisions Along the Sino-Soviet Border



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some warning time is available, China's strategy would bring PLA elements into play in the following progression:

- Lightly armed border forces would serve as a tripwire and report the location, description, route of advance, and general size of attacking Soviet forces.
 - The first major stand would be made by heavily armed Chinese garrison forces deployed in favorable terrain well back from the border and manning prepared defenses along major invasion corridors.
 - The bulk of China's mainforce maneuver units in the north would be held in reserve to counter Soviet breakthroughs, although some mainforce units would reinforce garrison units and try to deny the Soviets access to the plains—terrain especially favoring Soviet advantages in armor and mobility.³
- The armed militia—we estimate it to be several million strong—would continually harass Soviet forces behind the lines and attempt to disrupt lines of communication and destroy military storage areas.

We believe China is unlikely to change to a forward defense strategy that would deny Soviet forces easy access to Chinese territory. Geography makes such a defense untenable. The length of the Sino-Soviet frontier, the remoteness of western China, and the shape of the northeastern border render China's borders particularly difficult to defend, especially from a well-planned attack by modern, highly mobile Soviet forces.

The Quest for Quality

Although the Chinese are committed to defense-in-depth, their historical military philosophy of fighting

³ To guard against Soviet retaliation for China's invasion of Vietnam in 1979, the Chinese moved elements of some mainforce units in the northeast to reinforce garrisons that guard mountain passes.

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**Chinese Comments on the Need for
Advanced Weapons**

"If we fail to focus our attention on the key developments of modern warfare and rely on outdated rules like 'opening fire only within 50 meters' in close combat and 'lifting the leg high and setting the foot light' in night operations against an enemy with super-modern weapons, we are bound to be miserably beaten."

Liberation Army News,
16 February 1981 []

"Some comrades are elated with the feeling that our troops have a lofty will to defeat even the toughest and most superior armed enemy, believing that 'victory belongs to the valiant.' There is little doubt that ours is a truly courageous army, and valor does constitute a decisive factor in winning a battle. It should be pointed out, however, that material power has to be destroyed with material means."

Liberation Army News,
9 March 1981 []

"In a situation where the units of the hegemonists are highly mechanized and equipped with electronic devices, China can no longer rely on the formula 'A Red head can jolt a tank' in opposing aggression. The situation requires the Chinese Army to quickly adapt to modern warfare and to possess large quantities of advanced weapons."

Wen Wei Po,
2 June 1983 []

the Soviet Union's qualitatively superior forces with China's quantitative superiority is being modified. Chinese military officers still proclaim the validity of the traditional PLA dogma of the primacy of man in warfare and that troops armed with inferior weapons can defeat a force with superior weapons. However, we believe the thinking in China has definitely turned to developing a military force that can stand and fight the Soviets on more equal terms than the disparity in weapon quality currently allows. []

Realization that China has reached a point of diminishing returns in its military buildup probably has led to reduced production of older model weapons and trimming of the armed forces. The high rates of production for outmoded tanks, aircraft, and ships during the 1970s not only drove up the cost of strengthening the PLA at the expense of the rest of the economy but added little to China's ability to deter a Soviet attack. Judging from the increase in the number of weapons now in research and development, we believe that the Chinese have funneled some of the savings from the budget cutbacks into new weapon programs. []

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On questions of military tactics and strategy, China's military thinkers have begun to question time-honored Chinese concepts of employment of forces on the battlefield. They have found freedom to examine traditional doctrine since the death of Mao, and they reopened military schools in the late 1970s. They question Mao's concepts, including those that call for defeating superior forces with larger numbers of poorly equipped forces. An article in *Liberation Army News* in 1982 noted that China's armies are considerably weaker in terms of weapons and equipment than equivalent Soviet forces but "increasing the concentration of our quantitatively superior force several more times . . . will not improve the situation" because on the battlefield it would cause overcrowding and "inevitably aggravate our casualties and losses." []

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Major Changes

The Chinese, in fact, have adopted a new war-fighting doctrine, and moves toward mechanization and combined-arms operations have committed Beijing to infusing its forces with higher quality weapons. []

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New Doctrine. The Chinese call their new doctrine People's War Under Modern Conditions because it retains defense-in-depth, use of terrain, and guerrilla fighting—aspects of Mao's doctrine of "People's War"—but incorporates important changes that, according to published articles [] permit the PLA to meet the attacker closer to the borders on prepared battlefields rather than retreating into the countryside. []

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the PLA's better equipped armies must hold urban industrial centers in order to protect sources of supply. A high-ranking PLA officer commented to a Western defense attache that "each large- and medium-sized city will be a Stalingrad." In effect, because the PLA would need to fight Soviet forces head on in some situations, the doctrine implies a greater need for modern weapons and means a stronger commitment to meet an attacking Soviet force in the early stages of combat before large areas of strategically important territories are lost. [REDACTED]

Mechanization. China's more aggressive military doctrine places high importance on maneuvering on the battlefield while under fire and being able to respond effectively, including counterattack. We believe these demands have sparked mechanization of PLA infantry and tank units, especially in the north and northeast where satellite imagery shows gradual increases in the deployment of armored personnel carriers and tracked multiple rocket launchers. This equipment will provide cover and mobility for soldiers in combat and improve mobility and protection for artillery crews. [REDACTED]

Combined-Arms Operations. The Chinese announced in press reports last year that they have begun to organize combined-arms armies that link tank and artillery divisions with the three infantry divisions of mainforce armies. We believe most standard mainforce armies in the Beijing and Shenyang Military Regions and a few in other regions have gained operational control over one or more of the combat support divisions stationed in their locales. Such a move gives army-level commanders increased authority over ground force operations, a factor that, when thoroughly practiced, will markedly improve the combat effectiveness of the PLA. [REDACTED]

Training. China inaugurated in 1981 a training program that blends its new military doctrine, mechanized forces, and combined-arms operations. According to published articles [REDACTED] major exercises have occurred at least annually since then and will continue this year in the northeast with the largest exercise planned to date. All scenarios of the northern exercises simulated a Soviet attack that is repulsed by surface (ground or naval) and air forces, and all featured combined-arms operations, bombing,

air defense, guerrilla tactics, and use of airborne forces. [REDACTED]

The Great Disparities

These sweeping—albeit still evolving—changes in combat formations, organizational structures, and war-fighting doctrine are designed to help China meet the Soviet threat more effectively on Chinese terms. But they accentuate China's disadvantages in the quality of deployed weapon systems and in its inability to keep pace with improvements in Soviet weaponry. As Chinese combat units become more mechanized—hence more visible and firmly tied to sources of resupply—and engage more in combined-arms training, the more dependent they become on the same types of modern military systems in which the Soviets hold substantial advantages:

- **Armor.** In the border regions the Soviet tank force is nearly three times the size of China's and holds a substantial and growing qualitative edge. The Soviets also have an overwhelming numerical lead in armored personnel carriers, and in combat this equates to a qualitative advantage as well.
- **Artillery.** The Soviets also hold advantages in numbers of multiple rocket launchers and of self-propelled weapons that offer protection to the crew and, unlike China's towed weapons, can be moved into firing position quickly.
- **Airpower.** The Soviet Union outclasses China in all aspects of air warfare, a factor that would be a major advantage to Soviet ground forces. [REDACTED]

Net Effect. The current Soviet qualitative superiority gives Soviet commanders extraordinary advantages in speed, mobility, and firepower, especially in the early stages of a conflict when the attackers would be fresh, supply lines short, and Chinese defenses light. We believe Soviet fighters and ground-based air defense systems would ensure battlefield air superiority and thus prevent Chinese ground attack fighters and

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**Key Soviet Advantages Along
the Sino-Soviet Border**

Weapon System	Comment
Armor	
Tanks	Soviets hold nearly 3-to-1 lead (14,000 to 5,000). Half the Soviet tanks (mostly T-62s, some T-72s) have larger guns, with better range and accuracy than guns on China's Type-59.
Armored personnel carriers	All Soviet divisions are mechanized; only two Chinese infantry divisions are being mechanized so far. About half (7,000) of Soviet APCs mount an antitank missile and a 73-mm cannon. China's APCs are equipped only with machineguns.
Artillery	
Self-propelled guns	Soviets have more than 400 self-propelled howitzers (122 mm and 152 mm); China has only about 70 self-propelled guns (122 mm).
Multiple rocket launchers	Soviets have about 2,400 MRLs 122 mm or larger; Chinese have only some 1,700 (130 mm) of that size MRL. Most Soviet MRLs have twice the range (20,500 meters) of China's 130-mm MRLs (10,800 meters).
Aircraft	The Soviet force of some 2,300 modern fighters, bombers, and attack helicopters would severely challenge China's 2,700 older model combat aircraft and limited air defenses.

bombers from impeding the Soviet advance. Because Soviet doctrine calls for creating an overwhelming advantage at the point of attack, Soviet commanders would undoubtedly try to use their vastly superior mobility to penetrate Chinese defenses rapidly and bypass and isolate strongpoints manned by Chinese garrison forces. Once Soviet forces had broken through—we believe some corridor defenses would be overrun although not without substantial costs to the Soviets—and the attackers had gained access to favorable Chinese terrain, their advantages in weapon and equipment quality would be more pronounced over the slower moving, cumbersome, and exposed units of the PLA.

China's Critical Needs

Although the Chinese believe a major Soviet attack is unlikely any time soon, military planners are aware of the superior capabilities of Soviet Ground and Air Forces and have set high priorities for acquiring means of combating those forces early in an invasion. We believe antitank weapons now hold the priority spot on China's list of weapons with air defense systems close behind. Chinese deficiencies in these areas are a real concern to military leaders who worry about matching the PLA's capabilities to its changing defensive posture and convincing Soviet commanders of the credibility of China's defenses.

for now the PLA's main aim will be to prepare to survive the first two days following a surprise attack. China now is too weak to provide a capable initial defense. the military's greatest fear is that in combat the backward state of Chinese equipment will leave the PLA totally vulnerable.

Fighting Soviet Armor. According to US attaché senior PLA staff officers have singled out Soviet Ground Forces as the greatest military threat along the border, especially the armored units with their mobility, speed, and shock power. There are large numbers of Soviet tanks and armored personnel carriers (APCs) (some 28,000) available to attack China, and the Chinese lack the defensive systems to counter them. In addition to the vulnerability of Chinese Type-59 tanks to the range and accuracy of Soviet T-62 and T-72s, Soviet anti-tank missiles mounted on APCs and on attack helicopters would further reduce the Type-59's effectiveness. The recent introduction of the T-72 with its powerful gun and improved armor has almost certainly heightened Chinese concerns about their ability to close the gap in armor capabilities with their own resources.

Chinese priorities in seeking systems to defeat Soviet armor have become apparent from their own weapon programs and from their interest in foreign—mostly US—antitank technology.

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Modern Antitank Guided Missiles. The Chinese give high value to ATGMs because the missiles are proven tank killers beyond the effective range of tank guns. Their relatively low cost is also an attractive feature to the PLA, which is strapped for funds. China now produces an early version of the Soviet Sagger anti-tank missile—the Hongjian-73 (HJ-73)—with an effective range of 3,000 meters and is deploying it, we believe, primarily with units in the north. The missiles must be guided to the target by hand, a skill that is difficult to master and requires months of training, and the HJ-73 cannot penetrate the T-72s frontal armor. Reporting from US defense attache and Embassy sources in Beijing indicates a strong Chinese interest in acquiring an antitank missile with the capabilities of improved versions of the US TOW system and also the means of equipping armored vehicles and helicopters for that system. The TOW model that interests the Chinese has substantially better accuracy, range, and armor penetration than the PLA's HJ-73. [redacted]

Modern Tank Ammunition. We believe the Chinese place a high priority on obtaining better ammunition for the 100-mm main gun of the Type-59 tank.

[redacted] 100-mm tank rounds with good armor penetration at a range of 2,000 meters and fins to provide stability for high accuracy. That ammunition would make China's Type-59 considerably more effective against both Soviet T-54/55 and T-62 tanks. [redacted]

Unguided Antitank Rockets. Chinese newspaper articles on military tactics indicate that the PLA expects to fight Soviet armored forces much of the time at close ranges on terrain that favors the defender. Accordingly, the PLA values light weapons that are easily transported by foot soldiers and that are effective against tanks or APCs. Military reporting indicates the PLA already has increased the effective range of its Soviet-designed RPG-7 antitank weapon to 600 meters—up from 500 meters—and developed a 62-mm antitank rocket, the Type-70, which the Chinese say is effective against side armor of Soviet tanks at a range of 150 meters. The same sources report new interest in the US Viper and Dragon antitank weapons, suggesting that the Chinese are actively seeking ways to improve their lightweight, man-portable antitank systems with foreign assistance [redacted]

We believe the Chinese also consider a new tank, APCs, and armed helicopters important for meeting the Soviet armor threat but are now giving them a lower priority. Cost is probably the dominant factor in all three cases, but technology limitations and the long leadtime in developing those systems are an additional consideration:

- The Type-69 tank is no better than the Soviet T-62 and, without improvements in armor, remains highly vulnerable to Soviet antitank systems. Moreover, replacing the 4,500 Type-59s along the border with Type-69s would cost several billion dollars.

- [redacted] procurement of APCs has increased over the past few years, but only two of China's 56 infantry divisions on the border have been mechanized so far. And with each division requiring a full complement of 350 to 400 APCs the task of mechanization and the potential cost of fuel and maintenance will be immense. In our view, the Chinese will focus first on developing infantry fighting vehicles that can launch antitank missiles and give shelter to the crew.

- China's research and development facilities may be developing an attack helicopter. The Chinese have never produced a helicopter of their own design, however, and probably would be unable to field a high quality one in the next 10 years. Beijing has shown little interest in buying attack helicopters. But, because of recently expressed interest in acquiring information on heliborne TOW launchers, we judge it likely that the PLA hopes to acquire such a system for its forces, probably by modifying existing helicopters. [redacted]

Fighting Soviet Aircraft. Because air defense is probably the least credible aspect of the PLA's preparations to fight Soviet forces, the Chinese have a vital interest in shoring up their capabilities in this area. Changing to a more aggressive Chinese defense doctrine and countering improving Soviet air capabilities on the border justify a high priority for protecting PLA ground forces and their sources of supply from air attack. Consequently, Beijing is aggressively seeking surface-to-air missiles and improvements to fighter aircraft. [redacted]

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Tactical SAMs. China's lack of a mobile SAM system that can accompany ground forces into combat and protect them from attack by high-performance combat aircraft is a critical weakness. The Chinese are working hard to correct this.*

we have monitored Beijing's testing of a mobile SAM system (the CSA-X-2) for more than eight years, but there are no signs that the missile is ready for production.

Chinese are hoping to remedy whatever problems they have with the CSA-X-2 through access to Western technology. Indeed, Chinese lack of success with their tactical SAM may spur efforts to obtain that capability from the United States. US defense attaches in Beijing report that Chinese defense officials are interested in buying an improved version of the US HAWK tactical SAM and have placed it behind TOW in their current priorities for acquiring US weapons technology.

Fighter Aircraft Systems. The Chinese also need better fighters to improve their prospects for challenging Soviet air superiority and to cut their potential losses in air combat. In the near term, they plan to update existing airframes piecemeal with whatever sophisticated avionics and weapon systems they can acquire. Although there are some 2,700 F-6s (MIG-19) in the inventory (production has virtually ceased), Beijing probably will focus efforts on improving the F-7 (MIG-21) which, is being produced at increasing rates—primarily as an export item to Iraq and Egypt. Production of the larger and faster, twin-engine F-8 fighter is also on the rise (currently nearly two per month) suggesting that despite the F-8s unsophisticated avionics and weapons, the Chinese believe the aircraft, like the F-7, has potential for improvement.

* Currently, Chinese ground forces must rely primarily on anti-aircraft artillery for air defense. We cannot confirm deployment of a shoulder-fired SAM (the Hongying-5), which is based on the Soviet SA-7 missile, but sales brochures for Third World buyers suggest that it is available in limited numbers. These systems, however, are best suited for defense against low performance aircraft and helicopters at low altitude rather than against modern jet fighters and bombers.

We believe the Chinese see their priority fighter needs as follows:

- **Radar and Avionics.** The older radars on China's fighters restrict pilots to flying during daylight in clear weather when visual observation of enemy aircraft can help to overcome shortcomings in the equipment. Military reporting indicates the Chinese are evaluating a British radar and heads-up display for the F-7 and developing a new radar for the F-8.

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- **Air-to-Air Missiles.** China sought British help to develop a radar-guided missile designated PL-4 to supplement the infrared-guided PL-2 and PL-3 missiles already in production. Because such a missile depends on the aircraft's radar to guide it to the target, development of the PL-4 is closely tied to acquisition of a capable aircraft radar, probably for the F-8. Such a system would markedly improve the capability of Chinese pilots to "see" and shoot down Soviet aircraft in poor weather or visibility and at greater ranges than China's current systems allow.

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- **Engines.** We know from Embassy reporting that the Chinese want a modern jet engine (such as a version of the US F-100 or F-404 engines) to improve the performance of current and future fighters. On the basis of our knowledge of China's difficulties with the British Spey jet engine, we judge that China desperately needs help in this area.

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- **Lesser Needs.** We believe electronic warfare and reconnaissance capabilities are lesser but important military requirements relating to Chinese concerns about Soviet capabilities for attack. In articles and statements to visitors, Chinese military officers have expressed concern about their ability to jam Soviet radars and to counter Soviet jamming.

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systems to improve its monitoring of Soviet activity along the border. [redacted]

[redacted] Chinese defense personnel have shown interest in purchasing US airborne radar imaging systems (side-looking radar mounted on Boeing 737s) and US photoreconnaissance cameras for Chinese fighters. [redacted]

Implications for US Arms Sales

The Positive Incentives. We believe there are powerful incentives that are beginning to erode Beijing's reluctance to establish an arms supply relationship with the United States, not the least of which is the impressive array and proven quality of US weaponry and equipment. Chinese technical periodicals available to the PLA prominently feature pictures and drawings of US weapons and their performance characteristics that are superior in every way to the equipment of China's military forces. Chinese military officers have noted the effectiveness of US weapons in the Middle East against forces armed primarily with Soviet-produced weapons more modern than the Soviet-designed weapons the PLA now has.

[redacted] Chinese arms buyers have on several occasions stated their preference for US weapon technology over that available from other foreign sources. [redacted]

In our view, pressures are mounting within the PLA to address the great disparities in its capability to fight the Soviet Union. We interpret articles on new combat tactics as displaying a frustration over how to adopt a more aggressive defense without the higher quality weapons needed to make the transition to new defense concepts and formations. We believe that Chinese defense industry officials and staff officers realize the PLA is unlikely to close the gap with Soviet weaponry by continuing to base development and production programs on outmoded Soviet weapon technology. To narrow the lead, or at least to keep from falling further behind, China must infuse its defense industry with new technology and programs in certain key areas. [redacted]

There are no signs of conflict between the PLA and China's policymakers over the need for newer weapons, and, in fact, statements by military officers in articles [redacted] suggest that the PLA is sensitive to fiscal and policy constraints on rearming the force, especially with foreign technology. Nonetheless, we believe political leaders, concerned about the expansion of Soviet military and political power in Asia, are becoming more receptive to the military's needs. Despite repeated statements that the Soviet threat is long term and that an attack is not imminent, Chinese leaders do not deny that the capability of Soviet forces on the border is increasing and that the Sino-Soviet talks have not significantly reduced the military threat. We believe these factors, coupled with general high-level support for military modernization, will make it increasingly difficult for Beijing to resist a drift toward US military technology as a remedy. [redacted]

The Negatives. Despite the incentives to move ahead with an arms relationship with the United States, there are strong countervailing factors that are likely to restrict the scope of such ties. China's firm adherence to a goal of self-sufficiency in defense production shows no sign of weakening—this cardinal precept is supported, we believe, by military and civilian leaders alike. It is not an insurmountable obstacle to military purchases but would lead the Chinese to insist on the transfer of full production technology to obviate a dependence on the United States as a supplier of military equipment and limit the scope of Chinese involvement with the US defense establishment. [redacted]

China's claims that it follows an independent foreign policy between the superpowers, admittedly with a tilt toward the United States in opposition to Soviet expansion, also will make Beijing tread carefully in any area that implies an expansion of Sino-US military ties. [redacted] Chinese leaders are committed to maintaining an appearance of independence in relations with both the United States and Soviet Union, [redacted]

[redacted] China will exploit its relationship with the United

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States to gain access to advanced technology. Although Beijing is careful to avoid characterizing such a relationship as "strategic cooperation," it may judge that a limited arms relationship with the United States would serve China's strategic interests. We believe Beijing will continue to criticize some aspects of US foreign activity and strongly advocate an "independent" Chinese foreign policy. [redacted]

We believe Beijing would be particularly sensitive to the effects an arms relationship with the United States would have on the Sino-Soviet consultations, which the Chinese view in part as a means of reducing tensions with the Soviets. Beijing would have to balance the benefits that a deal for US arms would have for the PLA against the potential such a move would have for exacerbating relations with the USSR. Still, in our view, Beijing believes that Moscow's reaction would be primarily rhetorical. Moreover, Beijing might see such a relationship as also giving the Chinese more leverage with the Soviets and as a way of inducing Moscow to be more flexible. [redacted]

Finally, the history of Beijing's involvement in deals to buy foreign weapon systems indicates that any such relationship with the United States will be approached with care and deliberation:

- In 1975 the Chinese paid half a billion dollars for the rights to produce the British Spey jet engine only to call a halt to the program in 1980 before production began. We are uncertain of the cause for this expensive failure (the Chinese still could revive the program). [redacted] difficulties in assimilating technology and lack of a suitable airframe were contributing factors.
- The Chinese early last year refused to sign a comprehensive deal to buy British Sea Dart air defense missiles for two destroyers after extensive negotiations had all but led to conclusion of a contract. The cancellation came on the heels of a speech by Chinese Defense Minister Zhang Aiping who emphatically reiterated China's commitment to self-sufficiency in defense modernization.

- Before canceling another deal, Beijing in the late 1970s lured the French into believing that a sale of their HOT antitank guided missile was assured even going so far as to allow French technicians to visit China's antitank missile factories.

- According to military reporting, China's testing of British heads-up displays for the F-7 fighter shows a strong Chinese reluctance to allow British specialists access to the F-7s on which the equipment is installed, thereby hampering efforts to make the system work. [redacted]

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The Prospects. We believe the positive incentives outweigh the negative factors and that China has decided not only to test the availability of US weapon technology but to take the unprecedented step of buying some items as well. In our view, the mood in China has become favorable for limited purchases of defense hardware, especially since the visits to Beijing last year of Secretaries Baldrige and Weinberger and the lifting of restrictions on sales of dual-use and military technology to China. US Embassy and military reporting from Beijing indicates that the Chinese have become more open in their discussions with US officials and representatives of US defense industries about China's interest in military weapons and technology. [redacted] the Chinese were careful to provide a positive atmosphere for the Weinberger visit during which the Secretary announced US willingness to sell antitank and air defense weapons, and shortly afterward Beijing apparently began serious negotiations for the TOW antitank missile. [redacted]

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We believe the TOW negotiations have a strong possibility of leading to a purchase, but we are uncertain of the dimensions that such a deal might have. [redacted] the Chinese are trying hard to maintain momentum in the negotiations by holding meetings with TOW representatives in China last December and scheduling more for this February. They are also examining various options, from the complete transfer of TOW

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technology and an initial purchase of complete weapons to a TOW consultancy that would help China overcome some developmental problems with its own antitank weapons without exorbitant costs or involvement. This would be in accord with Chinese practice in discussions with foreign defense industry officials to extract as much technological information about weapons at the least cost to China.

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In our view, whatever the extent of a Chinese purchase of TOW technology, by taking that particular first step toward an arms supply relationship with the United States, Beijing realizes several benefits:

- There would be symbolic value by signaling the Soviet Union to take seriously China's concerns about Soviet military expansion and a demonstration of Chinese willingness to cooperate with the United States in confronting the Soviet Union.
- A TOW deal would directly support China's efforts to strengthen the credibility of the PLA against the Soviet armor threat.
- The TOW, being a defensive system, would not represent a threat to the other countries in the region, such as Japan, South Korea, and the members of the Association of Southeast Asian Nations, who are concerned about future Chinese force projection capabilities. The TOW would have little impact on the Chinese threat to Taiwan, and even the improved version that China is seeking falls within the guidelines of items the United States is willing to sell.
- The precedent, no matter how limited the final deal may be, would clear the way for further sales of needed military items possibly with less publicity than a TOW sale would arouse.

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We do not expect a rapid decision on the TOW and believe that, because of China's fears of too close an involvement with the United States, Beijing will limit any arms relationship to a few critical needs.

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